

IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

_____ day _____, 20____

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

RESOLUTION ADOPTING ADJUSTMENTS TO THE IN-LIEU FEE SCHEDULE
AND HOUSING IMPACT FEE SCHEDULE OF
TITLE 29 – AFFORDABLE HOUSING FUND

The following resolution is hereby offered and read:

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3171 – Title 29 – Affordable Housing Fund, thereby establishing the in-lieu fee, the housing impact fee and the Affordable Housing Fund and also establishing the authority for collecting, depositing and disbursing the in-lieu fee and housing impact fee; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo adopted Ordinance No. 3169 – Land Use Ordinance Section 22.12.080: Inclusionary Housing, and Ordinance No. 3170 – Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing , thereby establishing the authority for imposing and collecting the in-lieu fee and housing impact fee; and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and Annual Adjustment of Fee Schedules, directs the County to consider updating the in-lieu fee and housing impact fee every five years to reflect any changes in the funding gaps for very low, low, moderate income and workforce households; and

WHEREAS, in October, 2012, Vernazza Wolfe Associates, Inc. prepared two nexus studies for the County that are entitled “Residential Housing Impact Fee Nexus Study” and “Updated Commercial Linkage Fee Nexus Study” (hereinafter referred to as the “Nexus Studies”); and

WHEREAS, the Nexus Studies evaluated the existing in-lieu and housing impact fee formulas, provided the economic analyses required to update the in-lieu and housing impact fees, and recommended updated fee schedules for the in-lieu and housing impact fees; and

WHEREAS, on November 13, 2012, the Board of Supervisors of the County of San Luis Obispo considered the recommendations of the Nexus Studies and adopted Resolution No. 2012-288, which established the current edition of the Title 29 fee schedules (this said fee schedules edition is adjusted annually, as set forth below); and

WHEREAS, Title 29 – Affordable Housing Fund Section 29.04.04: Phase-in and Annual Adjustment of Fee Schedules, also directs the County to consider adjusting the in-lieu fee and housing impact fees annually to match the year-by-year changes in construction costs that are documented in the Construction Cost Index for the San Francisco Bay Area, as published by McGraw-Hill in the Engineering News Record; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has determined that the current Title 29 fee schedules shall be adjusted to reflect the 3.6% increase in construction costs that has occurred in the year-to-year period between August, 2015, and August, 2016, as documented by the Construction Cost Index for the City of San Francisco and published by McGraw-Hill in the Engineering News Record dated September 14, 2016, and that the fee schedules of Title 29, specifically

the fee amounts in Table 29.1 – Residential Development – In-Lieu Fee Schedule and Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule, shall be adjusted to reflect the 3.6% increase in construction costs; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has considered the five-year phase-in schedule described in Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules, and has determined that the County shall remain at “Year 1” of the five-year phase-in period for the in-lieu fee schedule, so that during fiscal year 2017/2018 the County shall collect 20% of the full fee amount (20% of the five year fee amount) as shown in Exhibit A – Table 29.1 (FY 2017/2018) – Residential Development – In-Lieu Fee Schedule; and

WHEREAS, the Board of Supervisors of the County of San Luis Obispo has also determined that the County shall remain at “Year 1” of the five-year phase-in period for the housing impact fee schedule, so that during fiscal year 2017/2018 the County shall collect 20% of the full fee amount (20% of the five year fee amount) as shown in Exhibit B – Table 29.2 (FY 2017/2018) – Nonresidential Development – Housing Impact Fee Schedule; and

WHEREAS; the updated Title 29 fee schedules shall be effective for the coming fiscal year 2017/2018, starting on July 1, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of San Luis Obispo, State of California, that:

1. **Purpose.** This resolution is adopted for the purpose of adjusting the amount of in-lieu fee and housing impact fee to be imposed, charged and collected for fiscal year 2017/2018 (“FY 2017/2018”), in accordance with Title 29 – Affordable Housing Fund Section 29.04.040: Phase-in and Annual Adjustment of Fee Schedules.

The said fee adjustments shall reflect the determination of the Board of Supervisors of the County of San Luis Obispo that the County shall remain at “Year 1” of the five-year phase-in period for the in-lieu fee schedule, as shown in Exhibit A - Table 29.1 (FY 2017/2018) – Residential Development – In-Lieu Fee Schedule, and that the County shall also remain at “Year 1” for the housing impact fee schedule, as shown in Exhibit B - Table 29.2 (FY 2017/2018) – Nonresidential Development – Housing Impact Fee Schedule. The said fee adjustments shall also reflect the determination of the Board of Supervisors of the County of San Luis Obispo that the fee adjustments shall reflect the most recent year-to-year construction cost changes that have occurred, as documented in the Construction Cost Index for the City of San Francisco, and published by McGraw-Hill in the Engineering News Record. This resolution is also adopted for the purpose of authorizing the continued practice of imposing and collecting the in-lieu fee and housing impact fee in conformance with this resolution, with Title 29 – Affordable Housing Fund, with Land Use Ordinance Section 22.12.080: Inclusionary Housing, and with Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing.

2. Amount of Fee. The current fiscal year 2016/2017 (“FY 2016/2017”) in-lieu and housing impact fee schedules in Title 29 – Affordable Housing Fund, shall be adjusted as follows:

- a. 1) The County shall remain at “Year 1” of the five-year phase-in period for the in-lieu fee schedule shown in Exhibit A - Table 29.1 (FY 2017/2018) – Residential Development – In-Lieu Fee Schedule.
- 2) The County shall remain at “Year 1” of the five-year phase-in period for the housing impact fee schedule shown in Exhibit B - Table 29.2 (FY 2017/2018) – Nonresidential Development – Housing Impact Fee

Schedule.

- b. During fiscal year 2017/2018 the County shall collect 20% of the full fee amount (20% of the five year fee amount) shown in Table 29.1 (FY 2017/2018) – Residential Development – In-Lieu Fee Schedule. During fiscal year 2017/2018 the County shall collect 20% of the full fee amount (20% of the five year fee amount) shown in Table 29.2 (FY 2017/2018) – Nonresidential Development – Housing Impact Fee Schedule. The attached Exhibit “C” shows highlighting of the “Year 1” columns in Table 29.3 (FY 2017/2018) and Table 29.4 (FY 2017/2018).
- c. There shall be a construction cost increase of 3.6% in the fee amounts shown in Title 29, specifically in Table 29.1 – Residential Development – In-Lieu Fee Schedule and in Table 29.2 – Nonresidential Development – Housing Impact Fee Schedule. This fee adjustment reflects the 3.6% increase in construction costs that occurred between August, 2015, and August, 2016, as documented by the Construction Cost Index for the City of San Francisco, as published by McGraw-Hill in the Engineering News Record, dated September 14, 2016.
- d. The attached Exhibit “A” and Exhibit “B” show the adjusted fee schedules with the 3.6% fee increase for both tables. The attached Exhibit “C” shows the adjusted fee amounts with the 3.6% fee increase for both tables.

3. Time of Fee Payment. The in-lieu fee and housing impact fee schedules established for FY 2017/2018 by the County and by Title 29 – Affordable Housing Fund shall be paid at the time of land use permit approval, construction permit issuance or subdivision map recordation, or may be deferred until the date of

final permit approval or sale of individual residential units, in accordance with the provisions of Title 29 – Affordable Housing Fund, Land Use Ordinance Section 22.12.080: Inclusionary Housing, Coastal Zone Land Use Ordinance Section 23.04.096: Inclusionary Housing, and Government Code Section 66007, subdivision (b).

4. Fees Accounts. An Affordable Housing Fund with individual accounts for the in-lieu fee and the housing impact fee has been established pursuant to Ordinance 3171 – Title 29 – Affordable Housing Fund. The moneys in the said fee accounts are being appropriated and applied in accordance with the requirements, standards and policies of Title 29 – Affordable Housing Fund and of the County of San Luis Obispo Housing Element. All allocations and expenditures of the funds in the said fee accounts shall be done in accordance with the Affordable Housing Fund Action Plan, an annual action plan that is prepared pursuant to Title 29 Section 29.05.020 and that is adopted by the Board of Supervisors of County of San Luis Obispo.

5. Use of Fees. The in-lieu fee and housing impact fee shall be used solely to construct, rehabilitate or subsidize very low, low, moderate income and workforce housing, and/or to assist government entities, non-profit agencies, private organizations or individuals in the construction, rehabilitation or subsidy of very low, low, moderate income and workforce housing, and/or to assist with the provision of rental or owner occupied housing services. All said housing development projects and subsidies and housing services shall be the ones that are identified and described in the Affordable Housing Fund Action Plan.

6. Nexus Studies.

- a. Studies were done to document the number of affordable housing units that are needed to serve new development projects. The studies then establish the reasonable relationship between the cost of providing affordable housing that can be attributed to (linked to) new development projects and the Title 29 fee amounts that are imposed on such development projects. These studies should be updated periodically to reflect changes in the local housing market, construction industry, and the funding gaps for affordable housing.
- b. The following studies (hereinafter referred to as the “Nexus Studies”), were prepared for the County by Vernazza Wolfe Associates, Inc.: 1) the “Residential Housing Impact Fee Nexus Study”, dated October, 2012, and 2) the “Updated Commercial Linkage Fee Nexus Study”, dated October, 2012. These Nexus Studies are supported by earlier studies, specifically the San Luis Obispo County Inclusionary Zoning Ordinance Financial Analysis (dated December 21, 2007) and the Commercial Linkage Fee Nexus Study (dated December 21, 2007).
- c. The Residential Housing Impact Fee Nexus Study evaluates and quantifies the demand for affordable housing created by new residential development projects in the County. Residential development creates a need for a support population that will serve the homebuyers and new residential neighborhoods. This support population needs affordable housing. The Updated Commercial Linkage Fee Nexus Study evaluates and quantifies the demand for affordable housing that is caused by new

commercial and industrial development. Employees that come to work in the new commercial / industrial development need affordable housing.

- d. The Residential Housing Impact Fee Nexus Study establishes a reasonable and justifiable in-lieu fee schedule that can be imposed to mitigate the cost / impact to the County's affordable housing stock that is caused by residential development projects. The Updated Commercial Linkage Fee Nexus Study establishes a reasonable and justifiable housing impact fee schedule that can be imposed to mitigate the cost / impact to the County's affordable housing stock that is caused by commercial and industrial development projects.
- e. The Board finds that the Nexus Studies have established a reasonable relationship between the use of the in-lieu and housing impact fees and the type of development projects on which the fees are imposed. The in-lieu fee shall be used to produce affordable housing units and mitigate the need for such housing that is generated by the construction of new residential projects in the County. The housing impact fee shall be used to produce affordable housing and mitigate the need for such housing that is generated by the construction of new commercial and industrial projects in the County.
- f. The Board finds that the Nexus Studies have established a reasonable relationship between the need for affordable housing and the type of development projects on which the in-lieu and housing impact fees are imposed. The Nexus Studies document the number of affordable housing units that are needed to serve residential and commercial / industrial development projects. The Nexus Studies also provide an in-

lieu fee schedule and a housing impact fee schedule to be imposed on residential development and on commercial / industrial development, respectively. These fee schedules implement reasonable and justified fee amounts that match the cost of producing the affordable housing units needed to serve new residential development and new commercial / industrial development.

7. **Effective Date.** The in-lieu and housing impact fee schedules for FY 2017/2018, as shown in Exhibits “A” and “B,” shall become effective as of July 1, 2017.

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted.

Chairperson of the Board of Supervisors

ATTEST:

Clerk of the Board of Supervisors

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: 
Deputy County Counsel

Dated: November 3, 2016

STATE OF CALIFORNIA,)
) ss.
County of San Luis Obispo,)

I, _____, County Clerk and ex-officio Clerk of the Board of Supervisors, in and for the County of San Luis Obispo, State of California, do hereby certify the foregoing to be a full, true and correct copy of an order made by the Board of Supervisors, as the same appears spread upon their minute book.

WITNESS my hand and the seal of said Board of Supervisors, affixed this day of _____, 20 ____ .

County Clerk and Ex-Officio Clerk of the
Board of Supervisors

(SEAL)

By: _____
Deputy Clerk.

Exhibit “A”**(SUPERSEDED) Table 29.1 (FY 2015/2016) – Residential Development – In-Lieu Fee Schedule**

Unit Size (SF)	Year 1 Per Unit Fee*	3.6% Increase	Year 5 Per Unit Fee	3.6% Increase	Fee for one IHU**	3.6% Increase
900	\$675	\$699	\$3,375	\$3,497	\$16,875	\$17,483
1,000	\$750	\$777	\$3,750	\$3,885	\$18,750	\$19,425
1,100	\$825	\$855	\$4,125	\$4,274	\$20,625	\$21,368
1,200	\$900	\$932	\$4,500	\$4,662	\$22,500	\$23,310
1,300	\$975	\$1,010	\$4,875	\$5,051	\$24,375	\$25,253
1,400	\$1,050	\$1,088	\$5,250	\$5,439	\$26,250	\$27,195
1,500	\$1,125	\$1,166	\$5,625	\$5,828	\$28,125	\$29,138
1,600	\$1,200	\$1,243	\$6,000	\$6,216	\$30,000	\$31,080
1,700	\$1,275	\$1,321	\$6,375	\$6,605	\$31,875	\$33,023
1,800	\$1,350	\$1,399	\$6,750	\$6,993	\$33,750	\$34,965
1,900	\$1,425	\$1,476	\$7,125	\$7,382	\$35,625	\$36,908
2,000	\$1,500	\$1,554	\$7,500	\$7,770	\$37,500	\$38,850
2,100	\$1,575	\$1,632	\$7,875	\$8,159	\$39,375	\$40,793
2,200	\$1,650	\$1,709	\$8,250	\$8,547	\$41,250	\$42,735
2,300	\$1,725	\$1,787	\$8,625	\$8,936	\$43,125	\$44,678
2,400	\$1,800	\$1,865	\$9,000	\$9,324	\$45,000	\$46,620
2,500	\$1,875	\$1,943	\$9,375	\$9,713	\$46,875	\$48,563
2,600	\$1,950	\$2,020	\$9,750	\$10,101	\$48,750	\$50,505
2,700	\$2,025	\$2,098	\$10,125	\$10,490	\$50,625	\$52,448
2,800	\$2,100	\$2,176	\$10,500	\$10,878	\$52,500	\$54,390
2,900	\$2,175	\$2,253	\$10,875	\$11,267	\$54,375	\$56,333
3,000	\$2,250	\$2,331	\$11,250	\$11,655	\$56,250	\$58,275
3,100	\$2,325	\$2,409	\$11,625	\$12,044	\$58,125	\$60,218
3,200	\$2,400	\$2,486	\$12,000	\$12,432	\$60,000	\$62,160
3,300	\$2,475	\$2,564	\$12,375	\$12,821	\$61,875	\$64,103
3,400	\$2,550	\$2,642	\$12,750	\$13,209	\$63,750	\$66,045
3,500	\$2,625	\$2,720	\$13,125	\$13,598	\$65,625	\$67,988
3,600	\$2,700	\$2,797	\$13,500	\$13,986	\$67,500	\$69,930
3,700	\$2,775	\$2,875	\$13,875	\$14,375	\$69,375	\$71,873
3,800	\$2,850	\$2,953	\$14,250	\$14,763	\$71,250	\$73,815
3,900	\$2,925	\$3,030	\$14,625	\$15,152	\$73,125	\$75,758
4,000	\$3,000	\$3,108	\$15,000	\$15,540	\$75,000	\$77,700

Original Source: Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Attachment 3

*FY ~~2016/2017~~ 2017/2018 is Year 1 of the five-year phase-in period for Title 29 fees. During FY ~~2016/2017~~ 2017/2018 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.

**IHU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: For FY ~~2016/2017~~ 2017/2018 the fee schedule was adjusted to include a construction cost increase of ~~0.0% (no increase)~~ 3.6%, based on the ENR-CCI for San Francisco (~~October, 2015~~) (September 14, 2016). The ~~0.0%~~ 3.6% construction cost increase is included in the fee amounts shown above.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Exhibit “A”**Table 29.1 (FY 2017/2018) – Residential Development – In-Lieu Fee Schedule**

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
900	\$699	\$3,497	\$17,483
1,000	\$777	\$3,885	\$19,425
1,100	\$855	\$4,274	\$21,368
1,200	\$932	\$4,662	\$23,310
1,300	\$1,010	\$5,051	\$25,253
1,400	\$1,088	\$5,439	\$27,195
1,500	\$1,166	\$5,828	\$29,138
1,600	\$1,243	\$6,216	\$31,080
1,700	\$1,321	\$6,605	\$33,023
1,800	\$1,399	\$6,993	\$34,965
1,900	\$1,476	\$7,382	\$36,908
2,000	\$1,554	\$7,770	\$38,850
2,100	\$1,632	\$8,159	\$40,793
2,200	\$1,709	\$8,547	\$42,735
2,300	\$1,787	\$8,936	\$44,678
2,400	\$1,865	\$9,324	\$46,620
2,500	\$1,943	\$9,713	\$48,563
2,600	\$2,020	\$10,101	\$50,505
2,700	\$2,098	\$10,490	\$52,448
2,800	\$2,176	\$10,878	\$54,390
2,900	\$2,253	\$11,267	\$56,333
3,000	\$2,331	\$11,655	\$58,275
3,100	\$2,409	\$12,044	\$60,218
3,200	\$2,486	\$12,432	\$62,160
3,300	\$2,564	\$12,821	\$64,103
3,400	\$2,642	\$13,209	\$66,045
3,500	\$2,720	\$13,598	\$67,988
3,600	\$2,797	\$13,986	\$69,930
3,700	\$2,875	\$14,375	\$71,873
3,800	\$2,953	\$14,763	\$73,815
3,900	\$3,030	\$15,152	\$75,758
4,000	\$699	\$15,540	\$77,700

Original Source: Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Attachment 3

*FY 2017-2018 is Year 1 of the five-year phase-in period for Title 29 fees. During FY 2017-2018 the County shall collect in-lieu fee amounts pursuant to the Year 1 column shown above, unless specific project requirements call for a different in-lieu fee schedule(s) to be used. Year 1 = 20% of Year 5 fee amounts.

**IHU = Inclusionary Housing Unit. This column shows the County's cost to build one inclusionary (affordable) housing unit. Five times the "Year 5" fee = one IHU.

Note: For FY 2017/2018 the fee schedule was adjusted to include a construction cost increase of 3.6% based on the ENR-CCI for San Francisco (September 14, 2016). The 03.6% construction cost increase is included in the fee amounts shown above.

Note: Table 29.1 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Exhibit “B”**(SUPERSEDED) Table 29.2 (FY 2016/2017) –
Nonresidential Development – Housing Impact Fee Schedule**

Nonresidential Land Use -----			Fee per square foot	
	Year 1	3.6% increase	Year 5	3.6% increase
Commercial/Retail	\$0.68	\$0.70	\$3.42	\$3.54
Commercial Service/Offices	\$0.48	\$0.50	\$2.38	\$2.47
Hotel/Motel	\$0.72	\$0.75	\$3.59	\$3.72
Industrial/Warehouse	\$0.29	\$0.30	\$1.43	\$1.48
Other Non-Residential	\$0.63	\$0.65	\$3.14	\$3.25
Commercial Greenhouses	\$0.08 \$0.02	\$0.02	\$0.08	(incremental increase) \$0.07882 = \$0.08166

Original Source: Updated Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Note: For FY ~~2016/2017~~ 2017/2018, commercial / industrial development will be charged 20% of the housing impact fee amount (“Year 1” = 20% of “Year 5” fee amounts). Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Note: For FY ~~2016/2017~~ 2017/2018 the fee schedule was adjusted to include a construction cost increase of ~~0.0%~~, ~~(no increase)~~ 3.6% based on the ENR-CCI for San Francisco (~~October, 2015~~) (September 14, 2016).

**Table 29.2 (FY 2017/2018) –
Nonresidential Development – Housing Impact Fee Schedule**

Nonresidential Land Use -----			Fee per square foot	
	Year 1		Year 5	
Commercial/Retail	\$0.70		\$3.54	
Commercial Service/Offices	\$0.50		\$2.47	
Hotel/Motel	\$0.75		\$3.72	
Industrial/Warehouse	\$0.30		\$1.48	
Other Non-Residential	\$0.65		\$3.25	
Commercial Greenhouses	\$0.02		\$0.08	

Original Source: Updated Commercial Linkage Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Note: For FY 2017/2018, commercial / industrial development will be charged 20% of the housing impact fee amount (“Year 1” = 20% of “Year 5” fee amounts). Table 29.2 fees shall be phased in and thereafter adjusted annually, pursuant to 29.04.040.

Note: For FY 2017/2018 the fee schedule was adjusted to include a construction cost increase of 3.6% based on the ENR-CCI for San Francisco (September 14, 2016).

Exhibit “C”**(SUPERSEDED) Table 29.3 (FY 2016/2017) – Phasing of In-Lieu and Housing Impact Fees**

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

(SUPERSEDED) Table 29.4 (FY 2015/2016) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$1,575 \$1,632	\$3,150 \$3,263	\$4,725 \$4,895	\$6,300 \$6,527	\$7,875 \$8,159
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$6,800 \$7,045	\$13,600 \$14,090	\$20,400 \$21,134	\$27,200 \$28,179	\$34,200 \$35,431

Note: All fee amounts shown above include a ~~0.0%~~ 3.6% increase ~~(no increase)~~ for FY ~~2016/2017~~ FY 2017/2018.

Table 29.3 (FY 2017/2018) – Phasing of In-Lieu and Housing Impact Fees

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Percentage of fee collected	20%	40%	60%	80%	100%

Table 29.4 (FY 2017/2018) – Examples of Phasing of Fees

Sample Project	Year 1	Year 2	Year 3	Year 4	Year 5
In-Lieu Fee – 2,100 s.f. Residence	\$1,632	\$3,263	\$4,895	\$6,527	\$8,159
Housing Impact Fee – 10,000 s.f. Commercial Retail building	\$7,045	\$14,090	\$21,134	\$28,179	\$35,431

Note: All fee amounts shown above include a 3.6% increase for FY 2017/2018.